

News from U.S. Rep. John Spratt (D-SC)

Assistant to the Democratic Leader

Ranking Member, Committee on the Budget

US House of Representatives – Washington, DC

www.house.gov/spratt | www.house.gov/budget_democrats

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Contact: Chuck Fant, 202-225-5501

Spratt Statement at Budget Conference

WASHINGTON – U.S. Rep. John Spratt (D-SC) today issued the following statement at the opening meeting of the House-Senate conference on the FY2005 Budget Resolution.

“Mr. Chairman, we meet in the face of dire budget problems that only bold measures will resolve. I wish I thought that today’s conference was just that, a meeting where we come together, with everyone at the table and everything on the table, resolved to put the budget back on path. But I know better.

“Neither the resolution passed by the House nor the resolution passed by the Senate contains the measures we need to deal with a deficit-ridden budget. There are some pluses in the House-passed budget and in the Senate-passed budget. I commend Chairman Nussle for including \$50 billion to fund military operations in Iraq and Afghanistan in FY 05, and adding those outlays into his budget. I commend the Senate for including the PAYGO point of order, and making it applicable to entitlement spending as well as tax cuts. It is a rule that worked in the 1990s, and will work again if given the chance.

“Otherwise, the House and Senate budgets are similar, and share the same shortcomings as the President’s budget. Not only do they not resolve the problem, they could very easily make it worse.

“President Clinton came to office faced with a \$290 billion deficit. On his watch, the bottom line of the budget got better every year. By the year 2000, we had moved the budget to a surplus of \$236 billion. We did not get to that result effortlessly. It took three budget agreements to wipe out the deficit. Without that discipline and resolve, we have watched a precipitous decline back into deficit over the last four years. I know that recession, terrorism, and war have all taken their toll on the economy and the budget; but there were deliberate choices that caused the budget to plummet. We now face the consequences of those choices: a deficit this year of \$521 billion, according to OMB, and over the next ten years, according to CBO, on-budget deficits of \$5.132 trillion. No one should have any doubt what passing this budget will do: Over ten years, this budget will raise the debt subject to limit of the United States by \$6 trillion, taking it well

above \$13 trillion. If you pass this budget, you make a deliberate choice. You put tax cuts ahead of deficit-reduction. Indeed, its first effect is to deem the debt ceiling raised in the House by a sum equal to the five-year total of the increases in the statutory debt.

“In three years, a projected surplus of \$5.6 trillion has been turned into a projected deficit of \$2.9 trillion — an \$8.5 trillion reversal. Folly has been described as doing the same thing but expecting different results. Surely these results should convince us that it’s time to take a different path. But the President’s budget and the resolutions passed by the House and the Senate persist down the same path; and they are bound to reap the same results: more deficits, more debt, and more debt service.

“On the House floor, I offered a budget that would bring us to balance by 2012, so we know that a balanced budget can be written, and for that matter, passed, because 194 Democrats voted for it. Unfortunately, neither the House-passed resolution, nor the Senate-passed resolution, nor the President’s budget request offers a budget that even approaches balance.

“The President and both Republican Congressional budgets purport to cut the deficit in half over five years; but they omit costs such as supplemental funding beyond 2005 for Iraq and Afghanistan on the spending side, or a fix to AMT on the revenue side, which put this goal in grave doubt. Worse still, after 2009, all three of the Republican budgets abruptly quit, just as the going gets rough. Each of these budgets has a time-frame of five years, leaving many to surmise that the budget is linear and that a deficit reduced by half over five years will approach balance over ten years. Fortunately, CBO has scored the President’s budget over ten years, and it shows annual deficits of \$240 billion or more for every year based on the President’s policies. CBO also shows that over the next ten years, on-budget deficits will total \$5.132 trillion. This is the amount that you will add to the national debt if you pass the President’s budget, and implement it over the next ten years.

“Like the President’s budget, the House-passed and Senate-passed budgets spend the entire \$1.0 trillion Social Security surplus from 2005 to 2009, despite repeated promises never to spend a penny of it again. The President and the Republican leaders in the Congress have indicated their intention to make the President’s tax cuts permanent, but they do not show us consequences after 2009. No less an authority that Alan Greenspan has told our committee that if these tax cuts are made permanent, we will have to consider cuts in Social Security to balance the budget. This much is clear: by passing this budget, you are making a deliberate choice. You are putting your tax cuts ahead of Social Security and Medicare solvency. Indeed, the total cost of your tax cut agenda, run out 75 years, is more than enough to make Social Security and Medicare solvent over the same 75 years.

“There is one provision in the Senate-passed resolution that I would urge this conference to include in the conference report — Section 408, which creates a binding 60-vote Pay-As-You-Go (PAYGO) point of order in the Senate against any tax cut or entitlement legislation that increases the deficit. Yesterday, Democrats in the House offered a motion to instruct House conferees on this budget resolution to recede to this Senate provision. Returning the budget to balance and protecting Social Security will require bipartisan agreement on budget enforcement, and the Senate PAYGO provision — applicable to both spending increases and tax decreases — is a good first step, proven to work.

“Like the President’s budget, the budgets passed by the House and Senate put tax cuts ahead of deficit reduction, tax cuts ahead of Social Security solvency, and tax cuts ahead of veterans health care, “No Child Left Behind,” the Land and Water Conservation Fund, and lots of other priorities. We support tax relief for middle-income Americans, but we do not support more tax cuts tilted toward the wealthy ahead of pressing priorities.

“The budgets passed by the House and Senate simply do not come to grips with the budget deficits facing us. Unfortunately, these budgets avoid bold strokes and it will take bold strokes to break this Gordian knot. If we want to strike such a stroke, if we want to do something real about the deficit, if we want to do something about saving and making solvent Social Security, then we need to go back to the drawing board. We need to roll up our sleeves in a bipartisan fashion, as we did in 1997, and hammer out a plan to bring the budget back to balance. If we stay within the confines of the budgets that the House and Senate have passed, then we will end up with a conference report that does little to address the dire fiscal situation facing us, and if anything, makes the problem worse.”

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